

**GEORGE – LITTLE ROCK COMMUNITY  
SCHOOL DISTRICT  
INDEPENDENT AUDITOR’S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2014**

# GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2013 Election)</b>		
Amy Jurrens	President	2015
Doug Krull	Vice President	2015
Curt Fiedler	Board Member	2015
Ryan Klingenberg	Board Member	2014
Terrence Clark	Board Member	2014
<b>(After September 2013 Election)</b>		
Amy Jurrens	President	2015
Doug Krull	Vice President	2015
Curt Fiedler	Board Member	2015
Ryan Klingenberg	Board Member	2017
Wade Netten	Board Member	2017
<b>School Officials</b>		
Steven Barber	Superintendent	Indefinite
Delinda Kruger	District Secretary/Treasurer and Business Manager	Indefinite
Steve Avery	Attorney	Indefinite

# GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

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# EAST, VANDER WOUDE, GRANT & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

To the Board of Education of the  
George ó Little Rock Community School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George ó Little Rock Community School District, George and Little Rock, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George ó Little Rock Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 14 and 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George ó Little Rock Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2013 (which is not presented herein) and expressed unqualified opinions on that financial statement. The previous audits for June 30, 2006 and 2005 were done by another firm, but were in accordance with the standards referred to in the third paragraph of this report, the financial statements for the years ended June 30, 2006 and 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of George ó Little Rock Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering George ó Little Rock Community School District's internal control over financial reporting and compliance.

*East, Vander Woude, Grant & Co., P.C.*

East, Vander Woude, Grant & Co., P.C.  
Sioux Falls, SD  
December 31, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

George ó Little Rock Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2014 Financial Highlights**

- The General Fund revenues decreased from \$4,791,949 in fiscal year 2013 to \$ 4,660,679 in fiscal year 2014, while General Fund expenditures decreased from \$4,824,324 in fiscal year 2013 to \$4,659,182 in fiscal 2014. The District's General Fund balance increased from \$1,581,692 in fiscal 2013 to \$1,583,189 in fiscal 2014, a 0.095% increased.
- The fiscal year 2014 decrease in General Fund revenues were attributable to decreases in local taxes and federal revenue. The decrease in expenditures was due primarily to a decrease in instruction and support services functions as there were less students from the prior year.

### **Using this Annual Report**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the George ó Little Rock Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report George ó Little Rock Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison to the District's budget for the year, as well as presenting the Schedule of Summary of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and capital project accounts.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

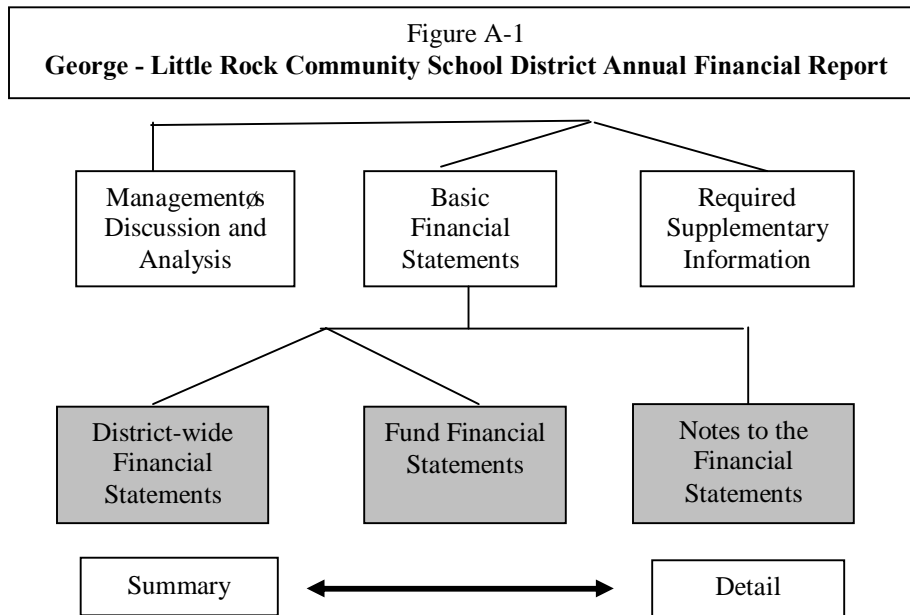


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained.

<b>Figure A-2: Major Features of the District Wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and FFA activities
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's school nutrition program and FFA activities are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds of not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the FFA Property Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the governmental fund financial statements.



## Government-wide Financial Analysis

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)								
	Governmental Activities		Business type Activities		Total Activities		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2014	2013	2014	2013	2014	2013	2013 - 2014	
Current and other assets	\$ 6,335	\$ 6,001	\$ 20	\$ 18	\$ 6,355	\$ 6,019	\$ 336	5.58%
Capital assets	6,336	6,220	59	68	6,395	6,288	107	1.7%
Total assets	12,671	12,221	79	86	12,750	12,307	443	3.6%
Long-term Liabilities	2,900	3,128	-	-	2,900	3,128	(228)	(7.29%)
Other Liabilities	720	843	7	13	727	856	(129)	(15.07%)
Total Liabilities	3,620	3,971	7	13	3,627	3,984	(357)	(8.96%)
Deferred inflows of resources	2,809	2,603	2	3	2,811	2,606	205	7.9%
Net Position								
Net Investment in capital								
assets,	3,241	2,812	59	68	3,300	2,880	420	14.58%
Restricted	1,776	1,562	-	-	1,776	1,562	214	13.70%
Unrestricted	1,226	1,273	11	2	1,237	1,275	(38)	(2.98%)
Total net position	\$ 6,243	\$ 5,647	\$ 70	\$ 70	\$ 6,313	\$ 5,717	\$ 596	10.43%

The District's combined net position increased by 10.41% or approximately \$595,000 the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$213,000, or 13.70% from the prior year. The increase was primarily a result of the decreased expenditures in the Statewide Sales, Services and Use Tax Fund.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements of decreased approximately \$38,000 or 2.98%. This decrease in unrestricted net position was primarily a result of the decreases in the District's revenues and increases in restricted net position.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013

Figure A-4  
Changes in Net Position  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2014	2013	2014	2013	2014	2013	2013 - 2014
Revenue							
Program revenue:							
Charges for service	\$ 392	\$ 543	\$ 148	\$ 130	\$ 540	\$ 673	(19.76%)
Operating grants, contributions and restricted interest	961	941	127	123	1,088	1,064	2.26%
Capital grants, contributions and restricted interest	25	41	-	2	25	43	(41.86%)
General revenues:							
Property tax	2,665	2,804	-	-	2,665	2,804	(4.96%)
Local option sales and service tax	498	358	-	-	498	358	39.11%
Unrestricted state grants	1,688	1,749	-	-	1,688	1,749	(3.49%)
Other	5	(11)	-	17	5	6	(16.67%)
Total revenues	6,234	6,425	275	272	6,509	6,697	(2.81%)
Program expenses:							
Governmental activities:							
Instruction	3,412	3,583	-	-	3,412	3,583	(4.77%)
Support service	1,795	1,838	-	-	1,795	1,838	(2.34%)
Non-instructional programs	-	-	275	269	275	269	2.23%
Other expenses	431	631	-	-	431	631	(31.70%)
Total expenses	5,638	6,052	275	269	5,913	6,321	(6.45%)
Change in net position	596	373	-	3	596	376	58.51%
Net position beginning of year	\$ 5,647	\$ 5,274	\$ 70	\$ 67	5,717	5,341	7.04%
Net position end of year	\$ 6,243	\$ 5,647	\$ 70	\$ 70	\$ 6,313	\$ 5,717	10.43%

In fiscal year 2014, property tax, statewide sales and service tax, and unrestricted state grants account for 77.8% of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for 100% of the business type activities revenue. The District's expenses primarily relate to instruction and support services, which account for 88.06% of the total expenses.

The District's total revenues were approximately \$6.509 million, of which \$6.234 million was for governmental activities and approximately \$275,000 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.81% decrease in revenues and a 6.45% decrease in expenses. Increases in operating grants and local option sales and service tax did not offset the decreases in property taxes and unrestricted state grants. Decreases in expenses were related to instruction, support services and other expenses due to a reduction in staff caused by fewer students attending school in the District.

## Governmental Activities

Revenues for governmental activities were \$6,234,225 and expenses were \$5,638,595 for the year ended June 30, 2014. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$ 3,412	\$ 3,583	(4.77%)	\$ 2,473	\$ 2,499	(1.04%)
Support services	1,795	1,837	(2.29%)	1,569	1,621	(3.21%)
Non-instructional programs	-	-	0.00%	-	-	0.00%
Other expenses	432	631	(31.54%)	219	407	(46.19%)
Totals	<u>\$ 5,639</u>	<u>\$ 6,051</u>	<u>(6.81%)</u>	<u>\$ 4,261</u>	<u>\$ 4,527</u>	<u>(5.88%)</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$392,229.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$ 985,823.
- The net cost of governmental activities was financed with \$3,163,480 in property and other taxes and \$1,688,088 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities were \$275,499, representing a 1.377% increase over the prior year, while expenses totaled \$275,018, a 2.162% increase over the prior year. The District's business type activities include the School Nutrition Fund and FFA Property. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and contributions for capital project improvements. The increase in revenues is a result of FFA sale of cattle, meal price and federal reimbursements increases in the current year. The expenses increased due to cost of livestock and general supplies for the FFA Property Fund.

## INDIVIDUAL FUND ANALYSIS

As previously noted, George & Little Rock Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,129,733, an increase of \$241,254. The primary reason for the increase in combined fund balances in fiscal 2014 is due to a decrease in the expenditures in the General Fund and Nonmajor Special Revenue Funds and an increase in Statewide Sales and Service Tax Fund in revenues.

## Governmental Fund Highlights

- The District's change in the General Fund financial position is the result of many factors.

Decreases in taxes and state foundation aid resulted in a decrease in revenues. However, the decrease in revenues was offset by the District's decreases in General Fund and Nonmajor Special Revenue Funds expenditures, requiring the District to use carryover fund balance only for the Debt Service Fund to meet its financial obligations during the year.

- The General Fund balance increased from \$1,581,692 to \$1,583,189, due, in part, to the reduction salaries and benefits and existing expenditure commitments of the District.
- The Debt Service Fund balance decreased from \$237,178 in fiscal 2013 to \$101,663 in fiscal 2014. The decrease was due to the payments made on the long term principal and interest along with a reduction in Statewide Sales, Services and Use Tax transfers in the current year.
- The Capital Projects Fund balance increased due to the increases in use tax and decreases in amount transferred from the Statewide Sales, Services and Use Tax Fund in the current year. The District ended fiscal 2013 with a \$900,542 balance and ended fiscal 2014 ended with a balance of \$1,182,540.

### **Proprietary Fund Highlights**

School Nutrition Fund cash balance increased from \$6,427 at June 30, 2013 to \$13,984 at June 30, 2014, representing an increase of \$7,557. This is due primarily from decreases in expenses for this year. FFA Property Fund increased the cash balance from \$0 at June 30, 2013 to \$139 at June 30, 2014 this is due to the sale of feeder calves.

### **BUDGETARY HIGHLIGHTS**

The District did not amend its budget during the year, so the original and final budget amounts remain the same.

The District's receipts were \$187,490 more than budgeted receipts, with a variance of 2.966%. The most significant variance resulted from the increases in state sources from the budgeted amounts.

Total expenditures were less than budgeted, due to the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

The certified budget did not exceed the budget and was not amended during the year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2014, the District had invested \$6.395 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 1.7% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$259,629.

The original cost of the District's capital assets was \$10.595 million. Governmental funds account for \$10.369 million, with the remainder of \$.226 million accounted for in the Proprietary & School Nutrition Fund.

The largest change in capital asset activity during the year occurred with addition of \$198,265 in buildings, and \$169,549 of furniture and equipment in fiscal year 2014.

Figure A-6  
Capital Assets, net of Depreciation  
(expressed in thousands)

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013 - 2014
Land	\$ 49	\$ 49	\$ -	\$ -	\$ 49	\$ 49	0.00%
Buildings	5,129	5,069	-	-	5,129	5,069	1.18%
Improvements other than building	81	90	-	-	81	90	(10.00%)
Furniture and Equipment	1,077	1,012	59	68	1,136	1,080	5.19%
Totals	<u>\$6,336</u>	<u>\$6,220</u>	<u>\$ 59</u>	<u>\$ 68</u>	<u>\$6,395</u>	<u>\$6,288</u>	1.70%

### Long-Term Debt

At June 30, 2014, the District had \$3,213,622 in general obligation, revenue and other long-term debt outstanding compared to \$3,439,512 last year. This represents a decrease of 6.568% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$15.8 million.

In March 2005, the District's voters authorized the issuance of \$4,360,000 in general obligation bonds to pay for construction of the additions to buildings in George and Little Rock. At the same time the District issued \$685,000 of local option sales and services tax revenue bonds for the same project. The District refinanced the general obligation bonds in December 2011; this will be used to pay the bonds in 2015. The District had total outstanding bonded indebtedness at June 30, 2014 of \$3,075,000.

The District also had early retirement obligations of \$128,192 at June 30, 2014 with \$53,461 due in FY 2014 and \$74,731 long term.

The District entered into a capital lease agreement for a new tractor in 2012. As of June 30, 2014 the balance of the lease was \$10,430 with \$10,430 due in FY 2014 and \$0 long term.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2014	2013	2013 - 2014
General Obligation Bonds	3,075,000	3,270,000	(5.963%)
Revenue Bonds	-	95,000	(100.000%)
Capital Lease	10,430	20,859	(49.998%)
Early Retirement	128,192	53,653	138.928%
Totals	<u>\$3,213,622</u>	<u>\$3,439,512</u>	(6.568%)

## **Economic Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the District will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment decreased in fiscal year 2013-2014 with a budget enrollment of 456 a reduction of 14 students. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2013-2014 school year, George & Little Rock students who open enroll out to other districts decreased to 30. Because George & Little Rock is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- During fiscal 2014, the District decided on a one-year contract with George-Little Rock Education Association due to the unknown factors of state funding and number of students enrolled. The District will negotiate a new agreement each year until funding and enrollment stabilizes. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Delinda Kruger, Board Secretary/Business Manager at the George & Little Rock Community School District, 500 E. Indiana Ave., George, IA 51237 or 712-475-3311.

## **BASIC FINANCIAL STATEMENTS**

**George – Little Rock Community School District**



George - Little Rock Community School District  
Statement of Net Position  
Year Ended June 30, 2014

Exhibit A

	Governmental Activities	Business Type Activities	Totals
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,261,416	\$ 14,123	\$ 3,275,539
Receivables:			
Property tax:			
Delinquent	22,646	-	22,646
Succeeding year	2,479,720	-	2,479,720
Local option sales taxes	157,411	-	157,411
Accounts Receivable	53,447	-	53,447
Accrued interest	669	-	669
Due from other governments	336,010	-	336,010
Due from (to) other funds	24,000	(24,000)	-
Inventories	-	29,571	29,571
Capital assets, net of accumulated depreciation	6,336,218	59,333	6,395,551
<b>Total assets</b>	<b>12,671,537</b>	<b>79,027</b>	<b>12,750,564</b>
<b>Liabilities</b>			
Accounts payable	23,275	-	23,275
Salaries and benefits payable	373,378	6,636	380,014
Accrued interest payable	9,817	-	9,817
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	260,000	-	260,000
Capital Lease	10,430	-	10,430
Early retirement	53,461	-	53,461
Portion due after one year:			
General obligation bonds payable	2,815,000	-	2,815,000
Early retirement	74,731	-	74,731
Total liabilities	<b>3,620,092</b>	<b>6,636</b>	<b>3,626,728</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,479,720	-	2,479,720
Other unavailable	329,213	2,103	331,316
	<b>2,808,933</b>	<b>2,103</b>	<b>2,811,036</b>
<b>Net Position</b>			
Net investment in capital assets	3,240,971	59,333	3,300,304
Restricted for:			
Categorical funding	357,274	-	357,274
Debt Service	1,146,053	-	1,146,053
Management levy	46,938	-	46,938
Student activities	34,410	-	34,410
Physical plant and equipment	52,801	-	52,801
Capital projects	138,150	-	138,150
Unrestricted	1,225,915	10,955	1,236,870
<b>Total net position</b>	<b>\$ 6,242,512</b>	<b>\$ 70,288</b>	<b>\$ 6,312,800</b>

See notes to financial statements.

George - Little Rock Community School District  
Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,535,710	\$ 153,181	\$ 434,183	\$ -
Special instruction	433,846	15,234	106,114	-
Other instruction	442,540	218,941	11,125	-
	<u>3,412,096</u>	<u>387,356</u>	<u>551,422</u>	<u>-</u>
Support services:				
Student services	130,922	-	9,623	-
Instructional staff services	150,301	-	-	-
Administration services	642,179	-	-	-
Operation and maintenance of plant services	563,931	4,873	211,450	-
Transportation services	307,650	-	554	-
	<u>1,794,983</u>	<u>4,873</u>	<u>221,627</u>	<u>-</u>
Non-instructional programs	-	-	-	-
Other expenses:				
Facilities acquisition	60,943	-	-	25,114
Long-term debt interest	182,913	-	-	-
AEA flow-through	187,660	-	187,660	-
	<u>431,516</u>	<u>-</u>	<u>187,660</u>	<u>25,114</u>
Total governmental activities	<u>5,638,595</u>	<u>392,229</u>	<u>960,709</u>	<u>25,114</u>
Business type activities:				
Non-instructional programs:				
FFA Propety	24,564	25,529	-	-
Food service operations	250,454	122,629	127,326	-
Total	<u>\$ 5,913,613</u>	<u>\$ 540,387</u>	<u>\$ 1,088,035</u>	<u>\$ 25,114</u>
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position beginning of year end of year				

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (1,948,346)	\$ -	\$ (1,948,346)
(312,498)	-	(312,498)
(212,474)	-	(212,474)
(2,473,318)	-	(2,473,318)
(121,299)	-	(121,299)
(150,301)	-	(150,301)
(642,179)	-	(642,179)
(347,608)	-	(347,608)
(307,096)	-	(307,096)
(1,568,483)	-	(1,568,483)
-	-	-
(35,829)	-	(35,829)
(182,913)	-	(182,913)
-	-	-
(218,742)	-	(218,742)
(4,260,543)	-	(4,260,543)
-	965	965
-	(499)	(499)
(4,260,543)	466	(4,260,077)
2,339,136	-	2,339,136
325,881	-	325,881
498,463	-	498,463
1,688,088	-	1,688,088
4,605	15	4,620
4,856,173	15	4,856,188
595,630	481	596,111
5,646,882	69,807	5,716,689
\$ 6,242,512	\$ 70,288	\$ 6,312,800

See notes to financial statements.

## George - Little Rock Community School District

Exhibit C

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 1,881,268	\$ 98,635	\$ 1,018,715	\$ 262,798	\$ 3,261,416
Receivables:					
Property tax:					
Delinquent	15,729	3,028	1,775	2,114	22,646
Succeeding year	1,698,325	322,283	221,507	237,605	2,479,720
Local option sales taxes	-	-	157,411	-	157,411
Accounts	49,216	-	4,231	-	53,447
Accrued interest	-	-	669	-	669
Due from other funds	24,000	-	-	-	24,000
Due from other governments	212,555	-	123,455	-	336,010
Total assets	<u>3,881,093</u>	<u>423,946</u>	<u>1,527,763</u>	<u>502,517</u>	<u>6,335,319</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	22,514	-	261	500	23,275
Salaries and benefits payable	371,307	-	-	2,071	373,378
Total liabilities	<u>393,821</u>	<u>-</u>	<u>261</u>	<u>2,571</u>	<u>396,653</u>
Deferred inflows of resources					
Unavailable revenues:					
Succeeding year property tax	1,698,325	322,283	221,507	237,605	2,479,720
Other	205,758	-	123,455	-	329,213
Total deferred inflows of resources	<u>1,904,083</u>	<u>322,283</u>	<u>344,962</u>	<u>237,605</u>	<u>2,808,933</u>
Fund balances:					
Restricted for:					
Categorical funding	357,274	-	-	-	357,274
Debt service	-	101,663	1,044,390	-	1,146,053
Management levy	-	-	-	175,130	175,130
Student activities	-	-	-	34,410	34,410
Public education recreation	-	-	-	52,801	52,801
Physical plant and equipment	-	-	138,150	-	138,150
Assigned for					
Casino Funds	425,325	-	-	-	425,325
Unassigned	800,590	-	-	-	800,590
Total fund balances	<u>1,583,189</u>	<u>101,663</u>	<u>1,182,540</u>	<u>262,341</u>	<u>3,129,733</u>
Total liabilities, deferred inflows of resources and	<u>\$ 3,881,093</u>	<u>\$ 423,946</u>	<u>\$ 1,527,763</u>	<u>\$ 502,517</u>	<u>\$ 6,335,319</u>

See notes to financial statements.

George - Little Rock Community School District  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2014

Exhibit D

<b>Total fund balances of governmental funds (page 20)</b>	<b>\$ 3,129,733</b>
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Amounts reported for governmental activities in the Statements of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,336,218
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(9,817)
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Long-term liabilities, including bonds and notes payable, compensated absences and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(3,213,622)</u>
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<b>Net assets of governmental activities (page 19)</b>	<b><u><u>\$ 6,242,512</u></u></b>
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See notes to financial statements.

George - Little Rock Community School District  
Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2014

Exhibit E

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 1,873,517	\$ 325,881	\$ 240,330	\$ 225,288	\$ 2,665,016
Tuition	86,388	-	-	-	86,388
Other	263,721	7,785	50,256	225,248	547,010
State sources	2,297,978	129	498,539	90	2,796,736
Federal sources	139,075	-	-	-	139,075
Total Revenues	4,660,679	333,795	789,125	450,626	6,234,225
Expenditures:					
Current:					
Instruction:					
Regular instruction	2,224,928	-	-	249,283	2,474,211
Special instruction	433,846	-	-	-	433,846
Other instruction	442,540	-	-	-	442,540
	3,101,314	-	-	249,283	3,350,597
Support services:					
Student services	119,267	-	11,655	-	130,922
Instructional staff services	124,199	-	-	-	124,199
Administration services	549,155	1,000	92,024	-	642,179
Operation and maintenance of plant services	318,869	-	49,868	91,776	460,513
Transportation services	258,718	-	46,025	14,293	319,036
	1,370,208	1,000	199,572	106,069	1,676,849
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	280,398	2,000	282,398
Long-term debt principal	-	300,429	-	-	300,429
Long-term debt interest	-	195,038	-	-	195,038
AEA flow-through	187,660	-	-	-	187,660
	187,660	495,467	280,398	2,000	965,525
Total expenditures	4,659,182	496,467	479,970	357,352	5,992,971
Excess (deficiency) of revenues over (under) expenditures	1,497	(162,672)	309,155	93,274	241,254
Other financing sources (uses):					
Operating transfers in (out)	-	27,157	(27,157)	-	-
Total other financing sources (uses)	-	27,157	(27,157)	-	-
Net change in fund balances	1,497	(135,515)	281,998	93,274	241,254
Fund balances beginning of year	1,581,692	237,178	900,542	169,067	2,888,479
Fund balances end of year	\$ 1,583,189	\$ 101,663	\$ 1,182,540	\$ 262,341	\$ 3,129,733

See notes to financial statements.

George - Little Rock Community School District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds to the Statement of Activities  
Year ended June 30, 2014

Exhibit F

**Net change in fund balance - total governmental funds (page 22)** \$ 241,254

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	367,814	
Depreciation expense	<u>(251,452)</u>	116,362

Proceeds from issuing long-term liabilities provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues, as follows:

Repaid	<u>300,429</u>	300,429
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

12,124

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	<u>(74,539)</u>	<u>(74,539)</u>
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**Change in net position of governmental activities (page 19)** \$ 595,630

See notes to financial statements.

George - Little Rock Community School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

Exhibit G

	School Nutrition	FFA Property	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 13,984	\$ 139	\$ 14,123
Inventories	6,633	22,938	29,571
Capital assets, net of accumulated depreciation	59,333	-	59,333
<b>Total assets</b>	<u>79,950</u>	<u>23,077</u>	<u>103,027</u>
<b>Liabilities</b>			
Due to other funds	24,000	-	24,000
Deferred revenue	2,103	-	2,103
Salaries and benefits payable	6,636	-	6,636
<b>Total Liabilities</b>	<u>32,739</u>	<u>-</u>	<u>32,739</u>
<b>Net Position</b>			
Net investment in capital assets	59,333	-	59,333
Unrestricted	(12,122)	23,077	10,955
<b>Total net position</b>	<u>\$ 47,211</u>	<u>\$ 23,077</u>	<u>\$ 70,288</u>

See notes to financial statements.



George - Little Rock Community School District  
Statement of Revenues, Expenses and Changes in  
Fund Net Position - Proprietary Funds  
Year Ended June 30, 2014

Exhibit H

	School Nutrition	FFA Property	Totals
Operating revenues:			
Local sources:			
Charges for service	\$ 122,629	\$ 25,529	\$ 148,158
Operating expenses:			
Non-instructional programs:			
Operations:			
Salaries	87,333	-	87,333
Benefits	14,120	-	14,120
Purchased services	1,575	-	1,575
Supplies	139,249	24,564	163,813
Depreciation	8,177	-	8,177
Total operating expenses	250,454	24,564	275,018
Operating (loss) income	(127,825)	965	(126,860)
Non-operating revenues:			
State sources	2,295	-	2,295
Federal sources	125,031	-	125,031
Interest income	15	-	15
Total non-operating revenues	127,341	-	127,341
Change in net position	(484)	965	481
Net position beginning of year	47,695	22,112	69,807
Net position end of year	\$ 47,211	\$ 23,077	\$ 70,288

See notes to financial statements.

George - Little Rock Community School District  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2014

EXHIBIT I

	School Nutrition	FFA Property	Totals
Cash flows from operating activities:			
Cash received from sales	\$ 121,797	\$ 25,529	\$ 147,326
Cash paid to employees for services	(101,132)	-	(101,132)
Cash paid to suppliers for goods or services	(124,766)	(25,390)	(150,156)
Net cash used by operating activities	(104,101)	139	(103,962)
Cash flows from non-capital financing activities:			
State grants received	2,295	-	2,295
Federal grants received	109,348	-	109,348
Net cash provided by non-capital financing activities	111,643	-	111,643
Cash flows from investing activities:			
Interest on investments	15	-	15
Net increase (decrease) in cash and cash equivalents	7,557	139	7,696
Cash and cash equivalents beginning of year	6,427	-	6,427
Cash and cash equivalents end of year	\$ 13,984	\$ 139	\$ 14,123
<b>Reconciliation of operating loss to net cash used by operating activities</b>			
Operating (loss) income	(127,825)	965	(126,860)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Commodities used	15,683	-	15,683
Depreciation	8,177	-	8,177
(Increase) decrease in inventories	375	11,978	12,353
Increase (decrease) in accounts payable	-	(6,804)	(6,804)
Increase (decrease) in salaries and benefits payable	321	-	321
Increase (decrease) in deferred revenues	(832)	-	(832)
Increase (decrease) in due to other governments	-	(6,000)	(6,000)
Net cash used in operating activities	\$ (104,101)	\$ 139	\$ (103,962)

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2014 the District received \$15,683 of federal commodities.

See notes to financial statements.

**GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2014**

**(1) Summary of Significant Accounting Policies**

The George ó Little Rock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of George and Little Rock, Iowa and the predominately agricultural territory in Lyon, Sioux and Osceola Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, George ó Little Rock Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The George ó Little Rock Community School District has no component units, which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

Government-wide Financial Statements ó The Statement of Net Position and the Statement of Activities report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely, to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements ó Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the property tax and other revenues to be used for payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary funds:

The Enterprise ó School Nutrition Fund is used to account for the food service operations of the District. The other Enterprise ó FFA Property Fund is used to account for the FFA cattle raising operations.

### C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated

absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications of committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are non-negotiable certificates of deposit which are stated at cost except for investments in the Iowa Schools Joint Investment Trust which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2012 assessed property valuations, is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

Due from Other Governments ó Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories ó Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets ó Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activity columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipmer	2,500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	100 years
Improvements other than buildings	15 - 50 years
Furniture and equipment:	3 - 15 years

Salaries and Benefits Payable ó Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term liabilities ó In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activity column in the Statement of Net Position.

Deferred Inflow of Resources ó Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows

of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consists of unspent grant proceeds, property tax receivable and other receivables not collected within sixty days after year-end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Equity ó In the governmental fund financial statements, fund balance are classified as follows:

Restricted ó Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal law or are imposed by law through constitutional provisions or enabling legislation.

Assigned ó Amounts which the Board of Education intends to be used for specific purposes that are neither considered to be restricted or committed.

Unassigned ó All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted for the fiscal year 2013-2014 and the District did not exceed its General Fund unspent authorized budget.

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$704,005 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	School Nutrition	\$ 24,000
		<u>\$ 24,000</u>

The School Nutrition Fund will be repaying the General for an advance to pay expenditures of the Funds when the cash flow improves.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from:	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 10,429
Debt Service	Statewide Sales, Services and Use Tax	16,728
		<u>\$ 27,157</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(5) Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program	
Gifted and Talented Program	\$ 56,445
Preschool/State Aid	231,568
Teacher Compensation	1,003
Early Literacy	13,590
Professional Development Core Curriculum	38,018
Teacher Leadership Grant	6,692
Educator Quality, Professional Development	9,958
	<u>\$ 357,274</u>



**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 49,270	\$ -	\$ -	\$ 49,270
Total capital assets not being depreciated	49,270	-	-	49,270
Capital assets being depreciated:				
Buildings	7,273,206	198,265	-	7,471,471
Improvements other than buildings	502,243	-	-	502,243
Furniture and equipment	2,268,242	169,549	91,500	2,346,291
Total capital assets being depreciated	10,043,691	367,814	91,500	10,320,005
Less accumulated depreciation for:				
Buildings	2,204,146	138,551	-	2,342,697
Improvements other than buildings	412,260	8,487	-	420,747
Furniture and equipment	1,256,699	104,414	91,500	1,269,613
Total accumulated depreciation	3,873,105	251,452	91,500	4,033,057
Total capital assets being depreciated, net	6,170,586	116,362	-	6,286,948
Governmental activities capital assets, net	\$ 6,219,856	\$ 116,362	\$ -	\$ 6,336,218
<b>Business type activities:</b>				
Furniture and equipment	\$ 225,970		\$ -	\$ 225,970
Less accumulated depreciation	(158,460)	(8,177)	-	(166,637)
Business type activities capital assets, net	\$ 67,510	\$ (8,177)	\$ -	\$ 59,333
Depreciation expense was charged to the following functions:				
Governmental activities:				
Instruction:				
Regular				\$ 26,065
Support services:				
Instructional staff				26,102
Operation and maintenance of plant				157,873
Transportation				41,412
Total depreciation expense - governmental activities				<u>\$ 251,452</u>
Business type activities:				
Food service operations				<u>\$ 8,177</u>

(7) **Long-Term Debt**

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>			<u>Balance</u> <u>End</u> <u>of Year</u>		<u>Due</u> <u>Within</u> <u>One Year</u>
		<u>Additions</u>	<u>Reductions</u>			
Revenue Bonds	\$ 95,000	\$ -	\$ 95,000	\$ -	\$ -	
General Obligation	195,000	-	195,000	-	-	
General Obligation	3,075,000	-	-	3,075,000	260,000	
Capital Lease	20,859	-	10,429	10,430	10,430	
Early Retirement	53,653	96,000	21,461	128,192	53,461	
Total	<u>\$ 3,439,512</u>	<u>\$ 96,000</u>	<u>\$ 321,890</u>	<u>\$ 3,213,622</u>	<u>\$ 323,891</u>	

General Obligation Bonds Payable

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

<u>Year</u> <u>Ending</u> <u>June, 30</u>	<u>Interest</u> <u>Rates</u>	<u>Bond Issue December 6, 2011</u>		
		<u>Series 2011</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	4%	\$ 260,000	\$ 61,783	\$ 321,783
2016	1.25%	265,000	58,533	323,533
2017	1.25%	265,000	55,220	320,220
2018	1.35%	270,000	51,643	321,643
2019	1.60%	280,000	47,323	327,323
2019-2023	1.80 - 2.55%	1,520,000	146,198	1,666,198
2024-2025	2.70 - 2.85%	215,000	6,128	221,128
		<u>\$3,075,000</u>	<u>\$ 426,825</u>	<u>\$3,501,825</u>

During the year ended June 30, 2014, the District made principal payment of \$195,000 and \$191,982.50 interest payments for General Obligation Bonds.

The last Revenue Bonds Payable was paid off in the current year totaling \$96,805 using the statewide sales and services tax revenue to make payment.

Capital Lease

During a prior year the District entered into a capital lease agreement to purchase a tractor. The total cost of the lease is \$46,717.50. The District made a \$5,000 downpayment and has installments of \$10,430 to be made each April 20 until 2015.

<u>Year</u> <u>Ending</u>	<u>Payment</u>
2015	<u>\$ 10,430</u>
	<u>\$ 10,430</u>

(8) **Termination Benefits**

The District offered a voluntary early retirement plan to its employees until November 30, 2007. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

Early retirement benefits are a flat \$2,000 per year for 5 years and health insurance payments based on the retirement year rate until the retiree reaches 65 years of age. If health insurance rates go up the retiree will need to pay the difference. There is one retiree remaining from this plan.

In each fiscal year ending June 2012, 2013 and 2014 years the District approved a voluntary early retirement plan to its employees. Each plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

The benefit is \$24,000 paid as a HRA (Health Reimbursement Arrangement) account in three \$8,000 increments by June 30 of each of the next three consecutive years. There was one person that was approved for early retirement for each of the 2012 and 2013 plan years. There are four persons that were approved for early retirement in the 2014 plan year.

At June 30, 2013, the District has obligations to seven participants with a total liability of \$128,192. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$21,461.20. Details of the early retirement obligations at June 30, 2014 are as follows:

Year Ending	Compensation	Health Insurance	Total
2015	\$ 48,000	\$ 5,461	\$ 53,461
2016	40,000	2,731	42,731
2017	32,000	-	32,000
	<u>\$ 120,000</u>	<u>\$ 8,192</u>	<u>\$ 128,192</u>

#### **(9) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute, to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 5.95% of their annual salary and the District is required to contribute 8.93% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$255,817, \$252,454 and \$236,550 respectively, equal to the required contributions for each year.

#### **(10) Other Postemployment Benefits (OPEB)**

Plan Description ó The District offers a single-employer health benefit plan which provides health insurance benefits for employees, retirees and their spouses. Retired participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with the District's health insurance provider. Retirees under age 65 pay the same premium for the medical benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy ó The District currently finances the postretirement benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation ó The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual OPEB Cost	\$ 71,000
Employer Contributions	<u>(50,000)</u>
Increase in net OPEB obligation	21,000
Net OPEB obligation beginning of year	<u>142,000</u>
Net OPEB obligation end of year	<u><u>\$163,000</u></u>

The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$4,854.24 to the medical plan. Plan members eligible for benefits contributed \$26,241.41 or 84% of the premium costs.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2013. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost	Net OPEB Obligation
6/30/12	\$ 124,000	52%	\$ 142,000
6/30/13	71,000	41%	142,000
6/30/14	71,000	35%	163,000

Funding Status and Funding Progress ó As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1.333 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.753 million. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions ó Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10.00%. The ultimate medical trend rate is 6.00%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected annual premiums of the medical plan for participants range from \$7,499 for a \$200 deductible to \$6,613 for a \$750 deductible. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized over the maximum allowable period of 30 years on an open basis.

**(11) Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(12) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$187,660 for the year ended June 30, 2014, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(13) Operating Lease**

As of June 30, 2014, the District is leasing copiers under operating lease agreement with an office equipment company. The lease was entered into on August 2012 with monthly payments of \$507.48 made on the 6<sup>th</sup> of each month and the final payment to be made on August 2017. The future minimum payments required for the existing operating leases will be \$6,089.76 for each fiscal years 2014-2016 and \$1,014.96 for fiscal year 2016-2017.

As of July 10, 2012, the District is leasing student laptops under non-cancelable contracts with VAR Resources. The leases have an annual payments totaling \$69,481.82 with the final payments to be made in 2015. The future minimum payments are as follows:

<b>Year Ending June, 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 51,091.59	\$ 18,390.23	\$ 69,481.82
2016	31,854.89	8,971.82	40,826.71
	<u>\$ 82,946.48</u>	<u>\$ 27,362.05</u>	<u>\$ 110,308.53</u>

**(14) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions and Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

**George – Little Rock Community School District**  
**Required Supplementary Information**

George - Little Rock Community School District  
 Budgetary Comparison Schedule of Revenues, Expenditure and Changes in Balances -  
 Budget and Actual - All Governmental Funds and Proprietary Funds  
 Required Supplementary Information  
 Year ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local Sources	\$ 3,298,414	\$ 148,173
Intermediate sources	-	-
State sources	2,796,736	2,295
Federal sources	139,075	125,031
Total revenues	<u>6,234,225</u>	<u>275,499</u>
Expenditures		
Instruction	3,350,597	24,564
Support services	1,676,849	-
Non-instructional programs	-	250,454
Other expenditures	965,525	-
Total expenditures	<u>5,992,971</u>	<u>275,018</u>
Excess (deficiency) of revenues over (under) expenditures	241,254	481
Other financing sources, net	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	241,254	481
Balances beginning of year	<u>2,888,479</u>	<u>69,807</u>
Balances end of year	<u><u>\$ 3,129,733</u></u>	<u><u>\$ 70,288</u></u>

See accompanying independent auditor's report.



Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 3,446,587	\$ 3,411,030	\$ 3,411,030	\$ 35,557
-	-	-	-
2,799,031	2,604,204	2,604,204	194,827
264,106	307,000	307,000	(42,894)
6,509,724	6,322,234	6,322,234	187,490
3,375,161	3,980,000	3,980,000	(604,839)
1,676,849	1,754,700	1,754,700	(77,851)
250,454	293,500	293,500	(43,046)
965,525	970,608	970,608	(5,083)
6,267,989	6,998,808	6,998,808	(730,819)
241,735	(676,574)	(676,574)	918,309
-	500	500	(500)
241,735	(676,074)	(676,074)	917,809
2,958,286	2,462,170	2,462,170	496,116
\$ 3,200,021	\$ 1,786,096	\$ 1,786,096	\$ 1,413,925

See accompanying independent auditor's report.

George ó Little Rock Community School District  
Notes to Required Supplementary Information ó Budgetary Reporting  
Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. There were no budget amendments adopted by the District during the school year.

The District did not exceed the amounts of the amended budget and the District did not exceed its General Fund unspent authorized budget.

George ó Little Rock Community School District  
Schedule of Funding Progress for the Retiree Health Plan  
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b- a)/c)
2009	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,771,302	43.63%
2010	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,650,137	45.62%
2011	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,704,346	44.71%
2012	July 1, 2012	-	753,000	753,000	0.00%	2,831,689	26.59%
2013	July 1, 2012	-	753,000	753,000	0.00%	2,853,689	26.39%
2014	July 1, 2012	-	753,000	753,000	0.00%	2,934,716	25.66%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**George – Little Rock Community School District**

## **Supplementary Information**

George - Little Rock Community School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

Schedule 1

	Special Revenue			Total
	Management Levy	Student Activity	Public Education Recreation Levy	
<b>Assets</b>				
Cash and cash equivalents:				
Cash	\$ 173,752	\$ 29,410	\$ 54,636	\$ 257,798
Investments	-	5,000	-	5,000
Receivables:				
Property tax:				
Delinquent	1,878	-	236	2,114
Succeeding year	210,000	-	27,605	237,605
<b>Total assets</b>	<b>385,630</b>	<b>34,410</b>	<b>82,477</b>	<b>502,517</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	500	-	-	500
Salaries and benefits payable	-	-	2,071	2,071
<b>Total liabilities</b>	<b>500</b>	<b>-</b>	<b>2,071</b>	<b>2,571</b>
Deferred inflows of resources				
Unavaible revenues:				
Succeeding year property tax	210,000	-	27,605	237,605
<b>Total deferred inflows of resources</b>	<b>210,000</b>	<b>-</b>	<b>27,605</b>	<b>237,605</b>
Fund equity:				
Management levy purposes	175,130	-		175,130
Student activities	-	34,410		34,410
Public education recreation levy	-	-	52,801	52,801
<b>Total fund balances</b>	<b>175,130</b>	<b>34,410</b>	<b>52,801</b>	<b>262,341</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 385,630</b>	<b>\$ 34,410</b>	<b>\$ 82,477</b>	<b>\$ 502,517</b>

See accompanying independent auditor's report.

George - Little Rock Community School District  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended June 30, 2014

Schedule 2

	Special Revenue			Total
	Management Levy	Student Activity	Public Education Recreation Levy	
Revenues:				
Local sources:				
Local tax	\$ 200,112	\$ -	\$ 25,176	\$ 225,288
Other	5,935	219,016	297	225,248
State sources	80	-	10	90
Total revenues	206,127	219,016	25,483	450,626
Expenditures:				
Current:				
Instruction:				
Regular instruction	26,511	216,316	6,456	249,283
Support services:				
Operation and maintenance of plant services	83,935	-	7,841	91,776
Student Transportation	13,411	-	882	14,293
Other expenditures:				
Facilities acquisition	-	-	2,000	2,000
Total expenditures	123,857	216,316	17,179	357,352
Excess (deficiency) of revenues over (under) expenditures	82,270	2,700	8,304	93,274
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	82,270	2,700	8,304	93,274
Fund balances beginning of year	92,860	31,710	44,497	169,067
Fund balances end of year	\$ 175,130	\$ 34,410	\$ 52,801	\$ 262,341

See accompanying independent auditor's report.

George - Little Rock Community School District  
Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
Year ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Annual	4,288	6,601	5,407	-	5,482
Resale	356	20,805	18,952	(2,209)	-
General	138	39,675	37,214	(394)	2,205
Athletics	-	19,623	6,021	(13,602)	-
Baseball	-	813	6,653	5,840	-
Basketball:					
Boys	45	6,130	4,065	(2,110)	-
Boys Fundraiser	158	6,990	8,665	1,517	-
Girls	45	8,492	5,042	(3,495)	-
Girls Fundraiser	832	6,568	6,685	-	715
Track:					
Boys	40	686	3,962	3,236	-
Girls	40	87	800	673	-
Softball	240	5,443	9,552	3,869	-
Softball Fundraiser	1,000	355	49	(391)	915
Wrestling	-	745	4,504	3,759	-
Wrestling Fundraiser	125	-	-	-	125
Football	-	-	449	449	-
Golf:					
Boys	-	124	729	605	-
Girls	-	-	505	505	-
Volleyball	-	12,789	11,635	(1,154)	-
Cross Country	-	1,594	2,326	732	-
Cheerleaders	-	1,258	822	-	436
Music - Vocal	-	2,530	2,838	308	-
Music - Instrumental	-	1,247	2,287	1,040	-
Music Boosters	343	-	-	-	343
Faculty	2,665	4,617	5,930	-	1,352
Future Farmers of America	25	24,736	27,606	2,845	-
Future Farmers /Savings	19	-	-	-	19
National Honor Society	1,338	850	2,038	-	150
MS Student Council	370	-	-	-	370
HS Student Council	2,519	2,235	2,434	-	2,320
Broadway Bound	121	-	168	47	-
Investor Group	1,849	-	-	-	1,849
Drama Club	-	2,181	4,264	2,083	-
Interest on Investments	-	33	-	(33)	-
Spanish Trip	-	5,410	5,410	-	-



Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
Class of:					
2012	-	-	107	107	-
2013	612	-	74	-	538
2014	1,593	-	348	-	1,245
2015	377	8,556	7,192	584	2,325
2016	401	15	-	-	416
2017	360	-	-	-	360
2018	308	980	882	-	406
2019	78	760	684	-	154
2020	-	260	234	-	26
Insurance	-	369	369	-	-
NOW Interest	-	43	-	(43)	-
Book Fair - George	1,700	2,292	2,974	-	1,018
Magazines	572	11	-	(583)	-
MS Magazines	-	11,752	7,184	(4,185)	383
MS Yearbook	246	1,121	966	-	401
MS Reading Program	283	2,141	1,797	-	627
Steve Groenwold Memorial	33	-	-	-	33
Virgil Krull Memorial	233	-	-	-	233
Band Fundraiser	5,063	-	507	-	4,556
Workkeys	601	-	-	-	601
Promotions - Middle School	816	728	1,171	-	373
Promotions - Elementary	1,755	2,782	1,743	-	2,794
Stem Club	123	4,589	3,072	-	1,640
	<u>\$ 31,710</u>	<u>\$ 219,016</u>	<u>\$ 216,316</u>	<u>\$ -</u>	<u>\$ 34,410</u>

See accompanying independent auditor's report.

George - Little Rock Community School District  
Combining Balance Sheet  
Capital Project Accounts  
June 30, 2014

Schedule 4

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and cash equivalents:			
Cash	\$ 886,310	\$ 132,405	\$ 1,018,715
Receivables:			
Property tax:			
Delinquent	-	1,775	1,775
Succeeding year	-	221,507	221,507
Local option sales taxes	157,411		157,411
Accounts	-	4,231	4,231
Accrued interest	669	-	669
Due from other governments	-	123,455	123,455
<b>Total assets</b>	<b>1,044,390</b>	<b>483,373</b>	<b>1,527,763</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	-	261	261
Total liabilities	-	261	261
Deferred inflows of resources			
Unavaible revenues:			
Succeeding year property tax	-	221,507	221,507
Other		123,455	123,455
Total deferred inflows of resources	-	344,962	344,962
Fund equity:			
Restricted for:			
Debt Service	1,044,390	-	1,044,390
Physical plant and equipment	-	138,150	138,150
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,044,390</b>	<b>\$ 483,373</b>	<b>\$ 1,527,763</b>

See accompanying independent auditor's report.

George - Little Rock Community School District  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Capital Project Accounts  
Year ended June 30, 2014

Schedule 5

	<u>Capital Project Accounts</u>		
	<u>Statewide</u>	<u>Physical Plant</u>	
	<u>Sales,</u>	<u>and</u>	
	<u>Services and</u>	<u>Equipment</u>	
	<u>Use Tax</u>	<u>Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ -	\$ 240,330	\$ 240,330
Other	5,297	44,959	50,256
State sources	498,463	76	498,539
Total revenues	<u>503,760</u>	<u>285,365</u>	<u>789,125</u>
Expenditures:			
Current:			
Support services:			
Student Services	-	11,655	11,655
Administration Services	-	92,024	92,024
Operation and maintenance of plant services	-	49,868	49,868
Student Transportation	-	46,025	46,025
Other expenditures:			
Facilities acquisition	-	280,398	280,398
Total expenditures	<u>-</u>	<u>479,970</u>	<u>479,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>503,760</u>	<u>(194,605)</u>	<u>309,155</u>
Other financing sources (uses):			
Operating transfers	<u>(16,728)</u>	<u>(10,429)</u>	<u>(27,157)</u>
Total other financing sources (uses)	<u>(16,728)</u>	<u>(10,429)</u>	<u>(27,157)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	487,032	(205,034)	281,998
Fund balances beginning of year	<u>557,358</u>	<u>343,184</u>	<u>900,542</u>
Fund balances end of year	<u>\$ 1,044,390</u>	<u>\$ 138,150</u>	<u>\$ 1,182,540</u>

See accompanying independent auditor's report.

George - Little Rock Community School District  
Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds  
For the Last Ten Years

	Modified Accrual Basis			
	2014	2013	2012	2011
Revenues:				
Local sources:				
Local tax	\$ 2,665,016	\$ 3,161,920	\$ 3,112,671	\$ 2,943,817
Tuition	86,388	84,899	70,278	114,611
Other	547,010	676,992	490,898	380,072
Bonds	-	-	-	-
Intermediate sources	-	-	-	-
State sources	2,796,736	2,339,761	2,341,102	2,413,380
Federal sources	139,075	177,175	247,542	277,931
Total	<u>6,234,225</u>	<u>6,440,747</u>	<u>6,262,491</u>	<u>6,129,811</u>
Expenditures:				
Instruction:				
Regular instruction	2,474,211	2,588,791	2,445,746	2,376,317
Special instruction	433,846	541,365	600,023	535,914
Other instruction	442,540	400,829	396,699	446,294
Support services:				
Student services	130,922	127,949	162,686	134,153
Instructional staff services	124,199	174,895	144,457	149,624
Administration services	642,179	668,873	541,375	476,330
Operation and maintenance of plant service	460,513	421,703	387,889	432,611
Transportation services	319,036	250,430	256,637	363,451
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	282,398	323,689	103,703	231,173
Long-term debt				
Principal	300,429	295,429	3,160,429	255,000
Interest and other charges	195,038	207,200	242,572	165,560
AEA flow-through	187,660	182,772	182,442	202,344
Total	<u>\$ 5,992,971</u>	<u>\$ 6,183,925</u>	<u>\$ 8,624,658</u>	<u>\$ 5,768,771</u>

See accompanying independent auditor's report.

2010	2009	2008	2007	2006	2005
\$ 2,695,208	\$ 2,517,385	\$ 2,481,924	\$ 2,435,179	\$ 2,220,837	\$ 1,843,801
103,136	91,462	91,439	64,239	108,869	95,412
360,195	343,513	330,738	417,069	454,405	240,651
-	-	-	-	5,045,000	43,591
-	-	-	500	1,697	1,344
2,178,410	2,564,825	2,554,877	2,246,580	2,238,731	2,134,833
504,774	167,328	306,558	498,649	209,369	283,336
5,841,723	5,684,513	5,765,536	5,662,216	10,278,908	4,642,968
2,289,367	2,387,719	2,388,562	2,291,273	2,177,635	1,981,506
558,235	578,651	510,165	497,948	483,495	557,850
466,432	451,958	406,835	376,508	378,093	394,355
99,964	101,281	98,269	90,720	96,344	72,976
114,631	87,340	132,092	72,786	75,428	80,801
544,152	514,709	590,484	557,377	534,224	464,367
356,127	396,540	458,106	411,631	355,349	321,735
215,186	309,019	252,794	309,222	238,468	223,469
-	-	74	2,033	-	672
69,234	154,293	286,978	4,039,507	1,493,337	579,680
250,000	235,000	232,091	217,091	135,000	-
174,991	184,193	191,992	201,438	180,602	18,360
199,217	178,849	169,411	164,820	155,076	149,090
\$ 5,337,536	\$ 5,579,552	\$ 5,717,853	\$ 9,232,354	\$ 6,303,051	\$ 4,844,861

See accompanying independent auditor's report.

# EAST, VANDER WOUDE, GRANT & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

[www.evwg.net](http://www.evwg.net)

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**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Board of Education of  
George ó Little Rock Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of George ó Little Rock Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered George ó Little Rock Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion of the effectiveness of George ó Little Rock Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of George ó Little Rock Community School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies internal control over financial reporting we consider to be material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-14-A to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George ó Little Rock Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit is based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## George ó Little Rock Community School District's Responses to Findings

George ó Little Rock Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. George ó Little Rock Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of George ó Little Rock Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*East, Vander Woude, Grant & Co., P.C.*

East, Vander Woude, Grant & Co., P.C.  
Certified Public Accountants  
Sioux Falls, SD  
December 31, 2014

**GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**  
**Schedule of Findings**  
**Year Ended June 30, 2014**

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

I-14-A Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare the financial statements and accompanying notes to the financial statements that are materially correct. The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The District's inadequate controls over financial reporting result in the likelihood that the District would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendation ó While we recognize that this condition is not unusual for organization of your size, is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the District and changes in reporting requirements.

Response ó Management and the Board of Education will review and approve for propriety the draft of the financial statements and accompanying notes to the financial statements prepared by the auditors. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations.

Conclusion ó Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



## GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

### Schedule of Findings Year Ended June 30, 2014

#### **Part II: Other Findings Related to Required Statutory Reporting:**

- II-14-A Certified Budget ó Expenditures for the year ended June 30, 2014, did not exceed certified budget approved as amended. The District did not exceed its General Fund unspent authorized budget for the year ended June 30, 2014.
- II-14-B Questionable Expenditures ó No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-14-C Travel Expense ó No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-14-D Business Transactions ó One of the board members is also a part-time coach for the District, his salary does not exceed the Iowa State Statute amount.
- II-14-E Bond Coverage ó Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- II-14-F Board Minutes ó No transactions requiring Board approval, which had not been approved by the Board, were noted.
- II-14-G Certified Enrollment ó No variances in the basic enrollment data certified to the Department of Education were noted.
- II-14-H Supplementary Weighting ó No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-14-I Deposits and Investments ó No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-14-J Certified Annual Report ó The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-14-K Categorical Funding ó No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-14-L Deficit Balances ó There were no funds or student activity accounts that had a deficit balance at June 30, 2014.

# **GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

## **Schedule of Findings Year Ended June 30, 2014**

II-14-M Statewide Sales and Services Tax ó No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$ 175,317
Statewide sales and services tax revenue		498,463
Expenditures/transfers out:		
School infrastructure		
Land	\$ -	
Buildings	-	
Equipment	-	
Other improvements	-	
Debt service for school infrastructure:		
General obligation debt	(16,728)	
Revenue debt	-	(16,728)
Ending Balance		<u>\$ 657,052</u>

For the year ended June 30, 2014, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt Service Levy	\$ 0.56206	\$ 104,030